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RUEHMK/AMEMBASSY NOUAKCHOTT 2183
RUEHFR/AMEMBASSY PARIS 0484
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C O N F I D E N T I A L CASABLANCA 000883

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STATE FOR NEA/MAG AND NEA/PI

E.O. 12958: DECL: 07/14/2020

TAGS: [ECON](#) [PGOV](#) [MO](#)

SUBJECT: HACKING ISRAEL AND PIRATING MOVIES: TALES FROM THE MOROCCAN
BLACK MARKET

Classified By: Principal Officer Douglas Greene
for reasons 1.4 (b) and (d)

¶1. (C) Summary: The black market still thrives in Casablanca despite the Intellectual Property Right (IPR) provisions of various bilateral and multilateral agreements to which Morocco is a party. Although there are occasional high profile arrests and confiscations of pirated goods by GOM authorities, a general lack of opportunity in the formal sector continues to draw the talents of technologically proficient, entrepreneurial youth. These young entrepreneurs apply their skills to everything from illegally downloading Hollywood films to descrambling television satellite signals for unrestricted access. Local computer savvy youth also hack internet web sites for fun, profit, or in some cases, as direct retaliation for Israeli military actions. End Summary.

Derb Ghalef- Anything For A Price

¶2. (U) Econoff visited Derb Ghalef, a Casablanca neighborhood notorious for its prominent black market medina, where local residents boast "anything can be bought for the right price." Large, dirty and noisy, Derb Ghalef bustles with energy and illicit economic activity. Walking through the narrow maze of alleyways, one passes innumerable small, seemingly improvised storefronts selling everything from televisions, computers and cell phones to household goods, automotive parts and knock-off designer clothing. Product inventory is diverse and consumer activity intense. As Econoff wandered the medina, the most popular products appeared to be satellite descramblers, cell phones and of course, pirated films.

¶3. (U) The business of selling pirated movies on Digital Video Disc (DVD) has grown visibly more sophisticated over the past year as black market retailers have adopted business practices redolent of Western video rental stores while also expanding their presence throughout the greater Casablanca area. While some pirate DVD retailers still sell their wares from large, unorganized bins, others have designed their small shops to mimic miniature Blockbuster video stores, complete with DVDs organized by current releases, favorite actors and popular movie genres.

¶4. (U) DVD pirates have also begun pricing DVDs according to the quality of the reproduction (master copies downloaded from the internet are more expensive than dubbed copies filmed in movie theaters with hand-held cameras). Meanwhile, movie pirates continue to rely on individual sales agents who set up shop on street corners and sell products from portable stands and the trunks of automobiles, all in view of local police.

¶5. (C) While often ignored by Moroccan law enforcement authorities, the profession is not without occasional risk. On July 14 local press reported that Moroccan authorities arrested one of Derb Ghalef's more prominent counterfeiters and confiscated more than 170,000 DVDs. The police claim it is the largest seizure of private DVDs in Morocco to date. Nonetheless, since the arrest DVD retailers seen by Econoff on several street corners appeared unconcerned about the arrest and carried on with business as usual.

Downloading by Day, Hacking Israel by Night

¶6. (C) Meanwhile recent articles in the Moroccan and international press report that a group of computer savvy youth in Derb Ghalef hacked into over 700 Israeli web sites in response to Israeli military actions in Gaza early in July. The hacker group, which calls itself "Team Evil", replaced the home pages of target web sites with the following text: "Hacked by Team-Evil Arab hackers u Klll palestin people we Kill Israel servers" (sic).

¶7. (C) After widespread reporting in the local press, GOM law enforcement rounded up an unconfirmed number of Derb Ghalef youth in connection with the hacking. In contrast to the recent confiscation of DVDs, these arrests sent a noticeable chill through the infamous neighborhood as young computer "professionals" promptly shut off their cell phones. The swift action by Moroccan law enforcement demonstrates that while illegal economic activity often receives inconsistent attention, potential threats to Moroccan security or foreign policy interests command, understandably, a more immediate response. [Interestingly (though perhaps somewhat conspiratorially), some business contacts insist the round-up was more about recruitment than enforcement, stating that "Team Evil" is now most likely working

for the GOM Ministry of Interior (MOI). "That's how things work here," explained one business contact.]

Comment

¶8. (C) Morocco continues to face challenges in absorbing its considerable informal sector into the formal economy. To some extent, lack of opportunity in the formal sector for its entrepreneurial youth encourages them to apply their talents in the profitable informal sector. While IPR concerns here are not solely the result of those factors, the issues they raise, once again, underscore the importance of supporting the development of the formal economy, with greater friendliness toward SMEs.

GREENE